



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 3/26/2009

GAIN Report Number: VE9029

Venezuela

Grain and Feed

Rice Update

2009

Approved by:

Randall Hager
American Embassy

Prepared by:

Clara Nunez

Report Highlights:

Venezuela's rice industry has been in turmoil of late, with government interventions in rice mills and indications that upward adjustments in support to farmers (prices and subsidies) are not forthcoming for the next crop. Output could fall as a result.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Caracas [VE1]
[VE]

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Executive Summary

The Venezuelan rice sector has been experiencing a very difficult situation since the end of February, when the National Guard intervened and inspected some private rice mills to ensure they produced white rice at full capacity and at controlled prices. After the interventions, the Government came out with a Resolution requiring that 80 percent of all rice must be sold under controlled prices, leaving only 20 percent for the premium and flavored rice that can be sold at market prices. (Please see GAIN VE9019)

Below is an informal summary of the latest news from the sector that has been reported by the local media.

The Government will not increase rice prices

Richard Canan, Vice-Minister of Agricultural Economics, said that the fixed producer price of rice will not be raised during this harvest cycle, and he guaranteed that the subsidies to rice producers will be maintained at BsF 185 per ton until the next crop. The Vice-Minister stressed that boosting prices is not feasible at this time but a review of the entire cost structure to determine which factors affect the cost of the process is needed.

Mr. Canan said that there are 90,000 hectares of rice planted for the North-summer harvest, with an expected yield of 360,000 tons of paddy rice in the states of Guárico, Portuguesa and Cojedes. He also reported that the Government has already "rescued" six silos in the states of Guárico and Portuguesa to store 260,000 tons of rice, so in this respect he called the producers to direct their rice to those silos, "which will be paid at a fair price with a value added."

The prices of inputs and materials for agriculture will be controlled

After evaluating the cost structures of the rice producers, the Ministry of Agriculture and Lands decided to set suggested prices for chemicals, materials and vital supplies for primary production, given the impact of these elements in the chain of production. Vice-Minister Canan indicated that they will apply a plan consisting of State imports of spare parts, chemicals and supplies that are required by the associations. And in order to guarantee a fair price they will sell those products through the socialist agricultural stores, of which 26 already exist in the country.

The Ministry of Agriculture announces agreement to put rice in stores

The Vice-minister of Agriculture Richard Canán reported that after a formal agreement with the food marketing chain and the Ministry of Agriculture and Lands, 700 tons of rice will be put in supermarkets at regulated prices. Moreover, Indepabis (the consumer protection agency) put on sale last Saturday in Caracas 30 tons of rice that were seized in Barinas state and which apparently was part of a shipment destined for Colombia.

SADA: 24,607 tons of rice has been distributed in seven days

SADA's head, Carlos Osorio, said that between March 12 and 19 about 24,607 tons of white rice have been distributed representing 53 percent of the national consumption. He announced that SADA will move the audits to small food businesses in Caracas in order to verify the commercialization of rice and "to deny the campaign of the media intended to cause shortages."

Sources: Leading daily papers